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LB 561

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2005-06		FY 2006-07	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			See Below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			See Below	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 561 allows public school districts to provide school breakfasts and school lunches without charge to any student who is a child of deployed military personnel during the period of deployment beginning in 2005-06. School districts are to report the number of meals provided to the State Department of Education (NDE). The department is to reimburse schools in the following year the amount of meals provided without charge to children of deployed military personnel. The amount of reimbursement is based upon the amount charged other students at the same grade level for meals. Students participating in federal free lunch or breakfast programs are not eligible for the reimbursement provided in the bill.

The bill will have a fiscal impact for school districts that opt to provide free meals in the initial year of providing the option. Schools may have increased expenses to cover the cost of the meals provided. There may also be a decrease in revenue from school lunches and breakfasts that would have been received had the children purchased meals. The state will have increased costs beginning in 2006-07 to reimburse schools for the cost of free meals provided to children of deployed military personnel.

It is difficult to project an accurate fiscal impact for the bill because the number of deployed personnel changes and the number of children of deployed persons is unknown. The assumptions on the fiscal note prepared by NDE appear reasonable for the time period cited. The Adjutant General reported that 1,660 Nebraska National Guard and reserve personnel were deployed on 1/26/05. If it is assumed that each deployed person has one school age child, schools serve meals approximately 175 days per year, and the average charge for a school lunch is \$1.75 and a school breakfast is \$1.00, then the estimated cost of the bill would be \$798,875.

It is assumed the fiscal impact of the bill could vary significantly from year to year, depending upon the number of deployed military personnel and their dependents. It is also possible that some school districts would not opt to provide free meals to children of deployed military personnel. There also may be a significant number of children of deployed military personnel who become eligible for the federal free school lunch and breakfast programs upon deployment of a parent. NDE indicates that only the funds sent home by deployed parents are considered income for purposes of qualification for the federal nutrition programs, so some children become eligible when a parent is deployed. If so, then the federal reimbursement for the free lunch program would be greater than the amount provided by the state pursuant to the bill so it would be more cost effective for eligible students to participate in the federal nutrition programs. This would reduce the fiscal impact of LB 561 by an unknown amount.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	William Scheidler	DATE	2/10/05	PHONE	471-2526
COMMENTS					
Agency fiscal analysis may overstate the number of potential student recipients of school lunch and breakfast that LB 561 provides for. The Military Family Resource Center's 2003 Demographic Report indicates that reserve and active duty military personnel report an average of 0.53 school-age children/member. For 1,660 eligible deployed military, that implies 880 beneficiaries and (at \$2.75/day x 175 days) \$423,500 in estimated cost for FY 2005-06 and \$444,675 in FY 2006-07 (assuming 5% increase).					
In addition, it is also likely that a significant number of these students already qualify for free or reduced price meals reducing the need for state expenditures.					